

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

In re:

Chapter 11 Case No.

Lehman Brothers Holdings Inc., et al.,

08-13555

Debtors.

OCTOBER 2017 POST-EFFECTIVE OPERATING REPORT

OCTOBER 6, 2017 – OCTOBER 31, 2017
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

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REPORT PREPARER: LEHMAN BROTHERS HOLDINGS INC., AS PLAN ADMINISTRATOR

Date: November 30, 2017

SCHEDULE OF DEBTORS

The twenty three entities listed below (the “Debtors”) filed for bankruptcy in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) on the dates indicated below. On December 6, 2011, the Bankruptcy Court confirmed the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and its Affiliated Debtors (the “Plan”). On March 6, 2012, the “Effective Date” (as defined in the Plan) occurred. As of the date hereof, the following Debtors’ chapter 11 cases remain open:

	Case No.	Date Filed (“Commencement Date”)
Lehman Brothers Holdings Inc. (“LBHI”)	08-13555	9/15/2008
Lehman Brothers Commodity Services Inc. (“LBCS”)	08-13885	10/3/2008
Lehman Brothers Special Financing Inc. (“LBSF”)	08-13888	10/3/2008
Lehman Brothers OTC Derivatives Inc. (“LOT”).....	08-13893	10/3/2008
Lehman Brothers Derivative Products Inc. (“LBDP”)	08-13899	10/5/2008
Lehman Commercial Paper Inc. (“LCPI”).....	08-13900	10/5/2008
Lehman Brothers Commercial Corporation (“LBCC”)	08-13901	10/5/2008
Lehman Brothers Financial Products Inc. (“LBFP”)	08-13902	10/5/2008
Lehman Scottish Finance L.P.	08-13904	10/5/2008
BNC Mortgage LLC	09-10137	1/9/2009
LB Rose Ranch LLC	09-10560	2/9/2009
Structured Asset Securities Corporation.....	09-10558	2/9/2009

The following Debtors’ chapter 11 cases were closed in 2016, pursuant to final decrees entered by the Bankruptcy Court (Docket No. 51920 and Docket No. 54163):

	Case No.	Date Filed	Date Closed
LB 745 LLC.....	08-13600	9/16/2008	1/28/2016
PAMI Statler Arms LLC.....	08-13664	9/23/2008	1/28/2016
CES Aviation LLC	08-13905	10/5/2008	1/28/2016
CES Aviation V LLC.....	08-13906	10/5/2008	1/28/2016
CES Aviation IX LLC	08-13907	10/5/2008	1/28/2016
LB 2080 Kalakaua Owners LLC	09-12516	4/23/2009	1/28/2016
LB Somerset LLC	09-17503	12/22/2009	1/28/2016
LB Preferred Somerset LLC	09-17505	12/22/2009	1/28/2016
East Dover Limited.....	08-13908	10/5/2008	12/15/2016
Luxembourg Residential Properties Loan Finance S.a.r.l.....	09-10108	1/7/2009	12/15/2016
Merit LLC.....	09-17331	12/14/2009	12/15/2016

The Company has established an email address to receive questions from readers regarding its financial disclosures. The Company plans to review questions received, and for those subjects which the Company determines a response would not (i) violate a confidentiality provision, (ii) place the Company in a competitive or negotiation disadvantage, or (iii) be unduly burdensome relative to the value of information requested, the Company shall endeavor to post a response (maintaining the anonymity of the originators of the questions). The Company assumes no obligation to respond to email inquiries.

Please email questions, with document references as relevant, to:

QUESTIONS@lehmanholdings.com

The Company’s previously posted responses can be found on the Epiq website maintained for the Company:

www.lehman-docket.com under the Key Documents tab and the Responses to Questions Submitted category

LEHMAN BROTHERS HOLDINGS INC. AND OTHER DEBTORS AND DEBTOR-CONTROLLED ENTITIES

**BASIS OF PRESENTATION
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
OCTOBER 6, 2017 – OCTOBER 31, 2017**

The information and data included in this October 2017 Post-Effective Operating Report (the “Operating Report”) are derived from sources available to Lehman Brothers Holdings Inc. (“LBHI”), as Plan Administrator, and its Controlled Entities (collectively, the “Company”). The term “Controlled Entities” refers to those entities that are directly or indirectly controlled by LBHI, and excludes, among others, those entities that are under separate administrations in the United States or abroad. LBHI and certain of its Controlled Entities filed for protection under Chapter 11 of the Bankruptcy Code, and those entities are referred to herein as the “Debtors”. The Debtors’ Chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure. LBHI has prepared this Operating Report, which includes certain information as required by the Office of the US Trustee, based on the information available to LBHI at this time, but notes that such information may be incomplete and may be materially deficient in certain respects. This Operating Report is not meant to be relied upon as a complete description of the Debtors, their business, condition (financial or otherwise), results of operations, prospects, assets or liabilities. LBHI reserves all rights to revise this report.

Other items:

1. This Operating Report is not prepared in accordance with U.S. generally accepted accounting principles (GAAP), is not audited and will not be subject to audit or review by the Company’s external auditors at any time in the future. Cash balances and activity denominated in foreign currencies have been converted to US Dollars.
2. Beginning and ending balances include demand deposits, interest-bearing deposits with banks, U.S. and foreign money-market funds, U.S. government obligations, U.S. government guaranteed securities, investment grade corporate bonds and commercial paper, and AAA-rated asset-backed securities secured by auto loans and credit card receivables.
3. Beginning and ending cash balances are based on preliminary closing numbers and are subject to adjustment.
4. Beginning and ending cash and investment balances exclude the following:
 - Cash posted as collateral for hedging activity; and
 - Cash held at third party real estate asset managers.

LEHMAN BROTHERS HOLDINGS INC. and other Debtors and Debtor-Controlled Entities

Schedule of Cash Receipts and Disbursements

October 6, 2017 - October 31, 2017

Unaudited (\$ in millions, foreign currencies reflected in USD equivalents)

	Debtors					Debtor-Controlled Entities	Total Debtors and Debtor-Controlled Entities
	LBHI	LBSF	LCPI	Other	Total	Total	
Beginning Free Cash and Investments (10/06/17)	\$ 263	\$ 68	\$ 43	\$ 29	\$ 403	\$ 134	\$ 538
Sources of Cash							
Commercial Real Estate	0	-	12	-	12	1	12
Loans (Corporate and Residential)	0	-	0	-	0	0	0
Private Equity / Principal Investing	2	-	-	-	2	0	2
Derivatives	-	2	-	-	2	-	2
Receipts from Affiliates	6	2	-	0	8	-	8
Other	9	1	(0)	0	10	0	10
Total Sources of Cash	16	6	12	0	34	1	34
Uses of Cash							
Non-Operating							
Commercial Real Estate	(0)	-	0	-	(0)	-	(0)
Other (a)	(40)	-	-	-	(40)	-	(40)
Operating Expenses (b)							
Compensation and Benefits (c)	(0)	-	-	-	(0)	(0)	(1)
Professional Fees	(15)	-	-	-	(15)	(0)	(15)
Other	(1)	(0)	(0)	(0)	(1)	(1)	(2)
Total Uses of Cash	(56)	(0)	0	(0)	(56)	(1)	(57)
Total Cash From Operations	(39)	6	12	0	(22)	(1)	(23)
Pre-Petition Inter-Company Receipts	1	-	-	-	1	-	1
Post-Petition Inter-Company Receipts	0	-	-	1	1	1	1
Dividend Receipts	0	-	-	-	0	-	0
Total Inter-Company Transfers Receipts	1	-	-	1	2	1	3
Pre-Petition Inter-Company Disbursements	-	-	-	-	-	(1)	(1)
Post-Petition Inter-Company Disbursements	(1)	(0)	-	-	(1)	(0)	(1)
Dividend Disbursements	-	-	-	-	-	(0)	(0)
Total Inter-Company Transfers Disbursements	(1)	(0)	-	-	(1)	(2)	(3)
Payments to Creditors - Other	(1)	-	-	-	(1)	-	(1)
Total Payments to Creditors	(1)	-	-	-	(1)	-	(1)
Other	0	0	0	(0)	0	(5)	(4)
Reclass from/(to) Restricted Cash to Free Cash	42	-	-	-	42	0	42
Net changes in Free Cash and Investments	2	6	12	1	20	(6)	14
Ending Free Cash and Investments (10/31/17)	265	74	54	30	424	128	552
Beginning Restricted Cash (10/06/17)	3,819	841	2	174	4,836	22	4,858
Secured, Admin, Priority Claims and Other	(3)	-	-	-	(3)	-	(3)
Citibank (d)	(2,070)	(1)	-	(23)	(2,093)	-	(2,093)
Other (a)	(39)	-	-	-	(39)	(0)	(39)
Net Changes in Restricted Cash	(2,112)	(1)	-	(23)	(2,135)	(0)	(2,136)
Ending Restricted Cash (10/31/17)	1,707	840	2	151	2,701	21	2,722
Beginning Total Cash and Investments (10/06/17)	4,083	909	44	204	5,240	156	5,395
Net changes in Free Cash and Investments	2	6	12	1	20	(6)	14
Net changes in Restricted Cash	(2,112)	(1)	-	(23)	(2,135)	(0)	(2,136)
Ending Total Cash and Investments (10/31/17)	\$ 1,973	\$ 914	\$ 56	\$ 182	\$ 3,124	\$ 149	\$ 3,274

All values that are exactly zero are shown as "-". Values between zero and \$0.5 million appear as "0". Totals may not foot due to rounding.

LEHMAN BROTHERS HOLDINGS INC. and other Debtors and Debtor-Controlled Entities
Schedule of Cash Receipts and Disbursements
October 6, 2017 - October 31, 2017

Unaudited (\$)

Notes:

(a) Other primarily includes the payment of \$39 million to the liquidator of LB GP No.1 Ltd, the general partner of a UK structure established through various limited partnerships. This \$39 million had previously been held by LBHI in restricted cash until such time that the funds could be remitted for the benefit of certain of these limited partnerships.

(b) A portion of the Operating Expenses paid by LBHI is subject to allocations to, and reimbursement from, various Debtors and Debtor-Controlled Entities.

(c) Compensation and Benefits includes the Company's employee expenses as well as fees paid to Alvarez & Marsal (A&M).

(d) The \$2.09 billion of restricted cash related to Citibank represents cash deposited prior to the Commencement Date by the Company in connection with certain requests and/or documents executed by LBHI and certain other Debtors and Citibank N.A. and certain of its affiliates ("Citibank"). On September 29, 2017, Citibank, LBHI and certain other Debtors entered into a settlement agreement (the "Citibank Settlement") [Docket No. 56300], which was subsequently approved by the Bankruptcy Court on October 13, 2017 [Docket No. 56466]. Cash activity related to the Citibank Settlement is reflected as follows:

(i) Approximately \$2.09 billion of cash that had been deposited at Citibank and restricted since the Commencement Date was released to Citibank, and Citibank retained \$350 million of this cash; and

(ii) Various Debtors received \$1.74 billion from Citibank in November 2017 (LBHI \$1.63 billion, LBCC \$86 million, LBCS \$18 million, and LBSF \$11 million). These receipts will be reflected on the November 2017 Post-Effective Operating Report.